

Chairman's Statement
Sen. Tom Coburn, M.D. (R-OK)
"Congress' Role in Federal Financial Management:
Is it efficient, accountable, and transparent in the way it appropriates funds?"
May 25, 2006

Last year, the federal government spent \$2.5 trillion (OMB). We're on track to spend at least \$2.7 trillion this fiscal year. Last year our national debt increased a whopping \$554 billion and it has already increased another \$400 billion so far this year. This extra \$1 trillion dollars that the federal government now owes, on top of the more than \$7 trillion already owed, occurred because Uncle Sam continues to spend beyond his means year after year after year.

Right now, GAO – Congress' watchdog agency – estimates that our total debt is nearly 70 percent of the size of our entire economy. By the time our grandkids face the unenviable task of paying off this mountain of debt, GAO estimates that the debt will be almost four times larger than our entire economy. That means that if our grandchildren took every dollar of value created by the economy in one year to pay off the debt, they would still be left with debt three times larger than the economy.

Clearly, we are on an unsustainable course. Now the question is what to do about it, and that means identifying the source of our fiscal mess. There's been a lot of finger-pointing. Some claim the economy isn't booming enough to bring in sufficient tax revenues. But our unemployment rate of 4.7 percent is lower than the average rates from each of the past 4 decades. Over the past 32 months of consecutive job creation instead of loss, nearly 5.3 million new jobs have been created. Inflation remains low. Some blame big corporations for jacking up prices and making it harder to get as much out of the dollar. But the only thing keeping the quality higher and price of goods and services lower in America is less government meddling in private markets, not more like we see in Europe.

Some blame the tax cuts, but most Americans think that their government ought to be able to chug along just fine after confiscating 25-40 percent of their hard-earned income. Some blame the President for not vetoing enough spending bills. That's like driving drunk, and then blaming the bartender when you wreck your car. The Executive Branch is supposed to carry out the spending directions from Congress.

The problem is us. Congress holds the power of the purse. The American people expect elected officials to run the government the same way you run a household or business – exercising the discipline to live within your means, saving some extra for emergencies and for long-term needs like retirement income and healthcare. If you fail to do that, and you spend beyond your means, the private market will step in and limit the amount you can go into debt by lowering your credit score and raising your rates.

Congress operates under no such limits. It's not because limits have never been set. Various budget reforms have passed for decades. But Congress has found ways around each and every one. And when the Senate's budget rules get in the way, the Senate just "waives" them by a vote of 60 Senators.

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That's 60 of us saying "we don't have to live by the rules that American families and businesses live by." Nobody can take away our credit, because we set our own limit. And when we reach that limit, we just vote to raise it. The latest episode a few weeks ago raised the debt limit to \$9 trillion.

It's clear that the answer is not tweaking the rules at the margins. We need radical budget process reforms. But more than that, we need to create an environment – a set of conditions – that helps us live with our rules. It's easy to break rules when there's no accountability. One of the key conditions to creating accountability is transparency. Most people - even politicians – aren't crooks by nature. But it never hurts to have transparency.

Transparency helps our better natures play by the rules and reduces temptation for our lesser natures to cheat. Americans know that if they don't pay their taxes, they might get audited and get caught. With the Enron and other corporate scandals, we saw that a lack of transparency to shareholders can result in bankruptcy and legal action. Our witnesses today will be talking about ways to bring transparency, efficiency and accountability to the budget process. I am pleased that our panel has several key players in the federal budget process--both current and past--to help us discover weaknesses in the current system, and ways we can improve upon it.

Most Members are still not ready to swallow the idea of having to make politically difficult budget decisions on the floor of the U.S. Senate. The purpose of this hearing is to get experts past and present who know the process well-to be able to identify what is a true budget reform versus a sham sound bite intended only to make the 109th Congress look like budget hawks. This can begin an ongoing dialogue about what changes are really needed to restrain Congressional spending. The most effective way to discuss possible reforms to the current Congressional budget process is to ask the question: "Is the process efficient, accountable and transparent in the way it appropriates funds?"

Because we'd better figure this out. There's a rumble growing outside the Beltway. People are fed up with a Congress acting like teenagers who fritter away their allowance and then whine about how there isn't enough money to buy the important stuff. The American people want us to start playing by the rules they have to play by, especially when it's their money we're "playing" with. If we don't take our responsibility seriously, the rumble may just greet us at the ballot box.